

**ALISO FUND COMMITTEE ANNUAL REPORT
TO THE ATTORNEY GENERAL OF THE STATE OF CALIFORNIA,
THE LOS ANGELES CITY ATTORNEY,
AND THE COUNTY COUNSEL FOR THE COUNTY OF LOS ANGELES**

2021

I. Background

On February 25, 2019, the Los Angeles County Superior Court approved the Consent Decree among the People of the State of California, acting by and through Attorney General Xavier Becerra (“Attorney General”), in his independent capacity and on behalf of the California Air Resources Board, Michael N. Feuer, City Attorney for the City of Los Angeles (“LACA”), and Mary C. Wickham, County Counsel for the County of Los Angeles (collectively, the “People”), the County of Los Angeles (the “County” and, with the People, the “Government Plaintiffs”) and defendant Southern California Gas Company (“SoCalGas”) (the “Consent Decree”). The Consent Decree generally resolves the Government Plaintiffs’ legal claims against SoCalGas relating to the leak of natural gas from SoCalGas’ Aliso Canyon Natural Gas Storage Facility in October 2015. Pursuant to the Consent Decree, SoCalGas agreed to pay \$45.4 million (\$45,400,000) for supplemental environmental projects, or SEPs, to be selected by the Attorney General, LACA, and County Counsel in accordance with a Supplemental Environmental Project Agreement (“SEP Agreement”). The SEP Agreement is Appendix D of the Consent Decree.

The SEP Agreement generally establishes how the settlement funds allocated to SEPs will be spent, by establishing 6 agreed-upon SEPs¹ and providing for the creation of the Aliso Supplemental Environmental Project Fund, or “Aliso Fund” to act as a repository for, and oversee distribution of, some of the SEP funds. Prior to the disbursement of any funds to implement a SEP, the Aliso Fund Committee must enter into a SEP Recipient Agreement with the agency charged with the administration of the SEP.

The Aliso Fund currently is administered by the Attorney General’s Office (Administrator). The Aliso Fund Committee is comprised of one representative each from the Attorney General, LACA, and the County Counsel. Currently, the members of the Aliso Fund Committee are Catherine M. Wieman (Attorney General’s representative), Jessica B. Brown (LACA’s representative), and Jon Scott Kuhn (County Counsel’s representative).

Paragraph 3.7, subdivision (h)(v)(6), of the SEP Agreement requires the Aliso Fund Committee to prepare an annual report to the Attorney General, the LACA, and the County Counsel detailing the use of the funds in the Aliso Fund during the prior calendar year.

II. Summary of Previous (Calendar Year 2020) Annual Report

At the start of 2020 (January 1, 2020), the total balance of the Aliso Fund was \$13,281,307.82 (representing the initial distribution of \$13.2 million into the fund in 2019, plus interest). Those funds were specifically earmarked for three of the pre-approved SEPs identified in the SEP Agreement: SEP No. 1 (Improvement of Air Quality at Public Schools in Environmental Justice Communities in the City or County of Los Angeles, \$7.1 million); SEP No. 2 (Enhanced Air Monitoring and Environmental Reporting in Porter Ranch and Other Locations in Los Angeles County, \$3 million); and SEP No. 4 (Purchase of Electric School Buses and Infrastructure for LAUSD and/or School Districts within County of LA, \$3 million). No disbursements were made in 2020, and additional interest was accrued. The ending account balance in 2020 (December 31, 2020) was \$13,473,945.12.

¹ Three of those six SEPs (Nos. 3, 5 and 6 in the SEP Agreement) were funded directly through the County rather than through the Aliso Fund. The Aliso Fund Committee periodically requests information and/or updates regarding the status of and expenditures relating to those SEPs.

III. 2021 Annual Report

A. Calendar Year 2021

The following is a summary of the status of the Aliso Fund as of December 31, 2021, and other data on income, disbursements, and costs/expenses incurred in 2020:

Ending account balance (Dec. 31, 2021)	\$1,903,000
Starting account balance (Jan. 1, 2021)	\$13,473,945.12
Change in account value	– \$11,570,945.12
Total income	\$29,385.30
Interest income	\$29,385.30
Other income	\$0
Total disbursements	\$11,600,000
Disbursements to SEP projects	\$11,600,000
Other disbursements	\$0
Total costs/expenses incurred²	\$5,767.50
Administrator costs incurred	\$3,795.00 [2021 expenses]
Other costs/expenses incurred	\$1,972.50 [2020 expenses ³]

Disbursements in 2021 were as follows:

Post Date	To	Sum	Notes
Jan. 14	South Coast Air Quality Management District	\$7,100,000	SEP No. 1: Improvement of Air Quality at Public Schools in Environmental Justice Communities in the City or County of Los Angeles, \$7.1 million
Feb. 6	Los Angeles Unified School District	\$3,000,000	SEP No. 4: Purchase of Electric School Buses and Infrastructure for LAUSD and/or School Districts within County of LA, \$3 million
Aug. 4	South Coast Air Quality Management District	\$1,500,000	SEP No. 2: Enhanced Air Monitoring and Environmental Reporting in Porter Ranch and Other Locations in Los Angeles County, \$3 million [partial ⁴]
TOTAL		\$11,600,000	

² These expenses were incurred in 2021 (or earlier) but not yet paid.

³ The Administrator incurred a total of \$1,972.50 in administrative costs in 2020, but those costs have not yet been reimbursed. The Administrator will submit a request for payment of both 2020 and 2021 costs to the Aliso Fund Committee in 2022.

⁴ SEP No. 2 relates to the development of real-time air monitoring networks and symptom and incident reporting systems in (i) Porter Ranch and the communities surrounding the Facility, and (ii) one or more Environmental Justice Communities within the County. The funds disbursed in 2021 are for the former. Funds for the latter have not yet been disbursed.

B. Calendar Year 2022

The following is a summary of projected data for 2022:

Total anticipated income	< \$50,000
Anticipated interest income	< \$50,000
Anticipated other income ⁵	\$0
Total anticipated disbursements	\$1,505,767.50
Anticipated disbursements to SEP projects	\$1,500,000
Other anticipated disbursements ⁶	\$5,767.50
Anticipated costs/expenses for 2022	<\$5,000

In 2022, the Aliso Fund Committee expects to disburse funds to the following SEP:

- SEP No. 2: \$1.5 million for development of an air monitoring system and a symptom and environmental incident reporting system in one or more environmental justice communities in Los Angeles County.

The remaining three SEPs have been funded directly through the County, and thus will not be funded through the Aliso Fund.

The Committee does not anticipate funding additional SEP projects in 2022.

C. Status of Projects Funded by the Aliso Fund

A brief update regarding the status of each of the SEP projects funded by the Aliso Fund to date follows. This update includes information obtained from the Aliso Fund Committee and known as of April 30, 2022.

SEP No. 1: In 2021, the Aliso Fund disbursed \$7.1 million to the South Coast Air Quality Management District (South Coast AQMD) for installation of air filtration systems in schools in environmental justice communities in the County or City of Los Angeles. The Aliso Fund Committee and South Coast AQMD negotiated an agreed-upon list of schools at which filtration systems would be installed prior to disbursement of the funds. South Coast AQMD retained IQAir to implement SEP No. 1 and reached out to the Los Angeles Unified School District (LAUSD) to begin implementation. LAUSD proposed some modifications to the agreed-upon list of schools. The Aliso Fund Committee is reviewing those changes and, once the revised list of approved schools is finalized, South Coast AQMD will work with IQAir to begin installation of air filtration systems. The Aliso Fund Committee expects installation to begin in the third or fourth quarter of 2022. South Coast AQMD is required to, and does, report annually to the Aliso Fund Committee regarding expenditures relating to SEP No. 1.

SEP No. 2: The Aliso Fund disbursed \$1.5 million to South Coast AQMD in 2021 to fund the installation of an air monitoring system and symptom and incident reporting system in the communities surrounding the Aliso Canyon Natural Gas Storage Facility. South Coast AQMD held public meetings, issued a Request for Proposals, and ultimately selected ARGOS and UCLA to implement this portion of the air monitoring SEP. South Coast AQMD reports that the contract for this SEP has been executed, and that implementation will begin in second or third quarter of 2022. South Coast AQMD is required to, and does, report annually to the Aliso Fund Committee regarding expenditures relating to SEP No. 2. As noted above, the Aliso Fund Committee continues to work to implement the remainder of SEP No. 2, which involves development of an air monitoring system and

⁵ The expectation is that interest income will be the sole income of the Aliso Fund in 2022. The Aliso Fund Committee does not expect income from the following sources in 2021: Mitigation Reserve, Mitigation Project Proceeds, or Returned SEP Monies.

⁶ This sum is administration costs for both 2020 (\$1972.50) and 2021 (\$3,795.00).

symptom and/or environmental incident reporting system in one or more environmental justice communities in Los Angeles County.

SEP No. 4: The Aliso Fund disbursed \$3 million to LAUSD for purchase of electric school buses and infrastructure in 2021. LAUSD is in the process of purchasing the buses. LAUSD is required to report annually to the Aliso Fund Committee regarding expenditures relating to SEP No. 4.

Report prepared by:
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